

EUROPEAN ECONOMY

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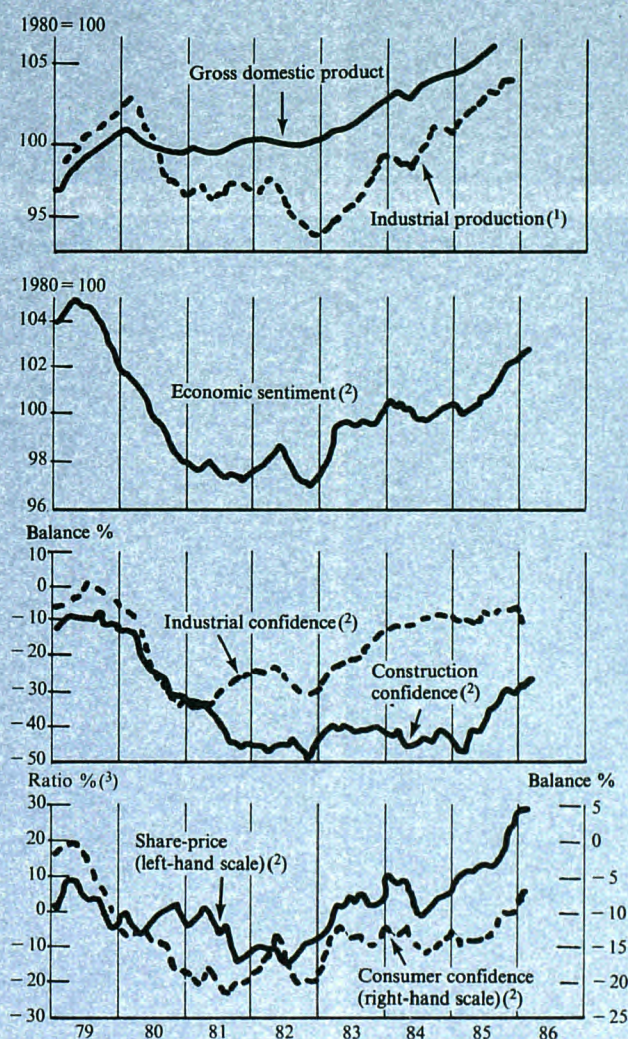
Business and consumer survey results

*In this number:
the consumer climate*

THE MAIN POINTS IN BRIEF

- Further slight improvement in European leading indicator
- Consumer climate in the Netherlands has reached a new peak level; in the Federal Republic of Germany consumer confidence in February 1986 was greater than at any time since 1979. In the coming months consumer demand is expected to increase particularly in these two member countries.
- The improved consumer climate is in contrast to a weaker export outlook in industry, however.

GRAPH 1: Indicators of output and economic sentiment — European Community



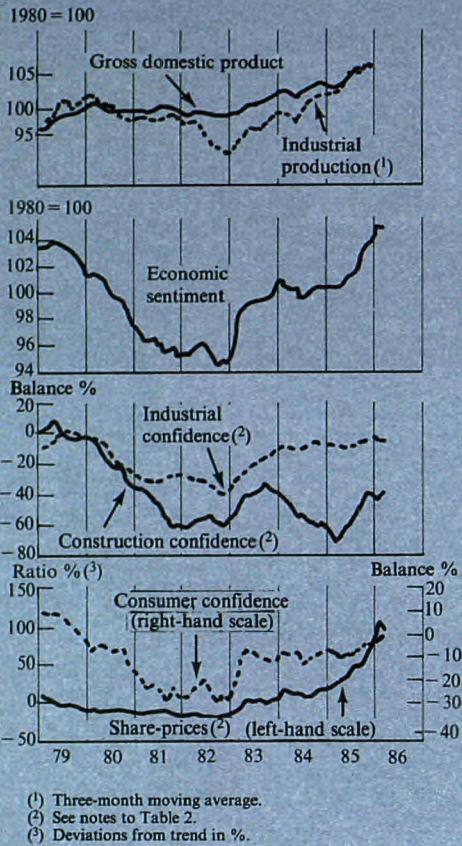
⁽¹⁾ Three-month moving average.

⁽²⁾ See notes to Table 2.

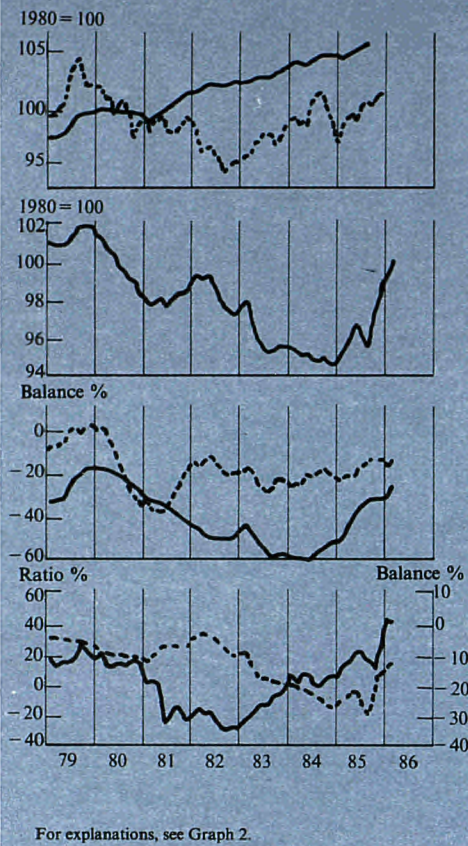
⁽³⁾ Deviations from trend in %.

GRAPH 2-9: Indicators of output and economic sentiment

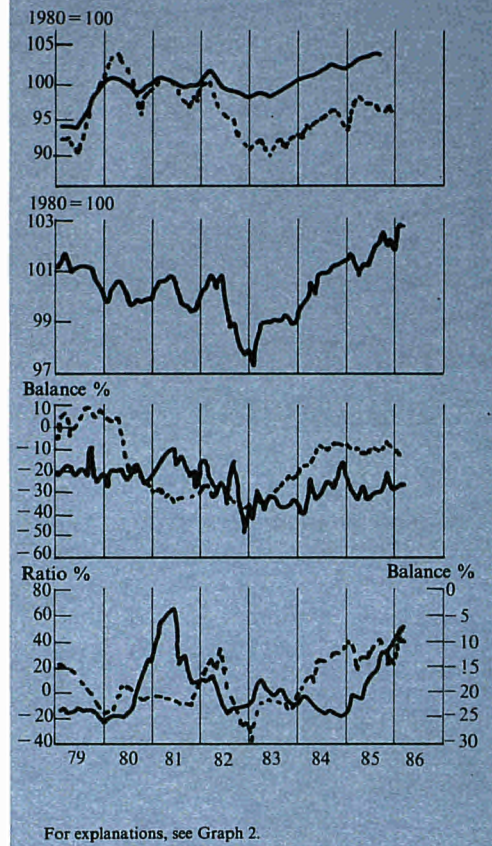
GRAPH 2: Federal Republic of Germany



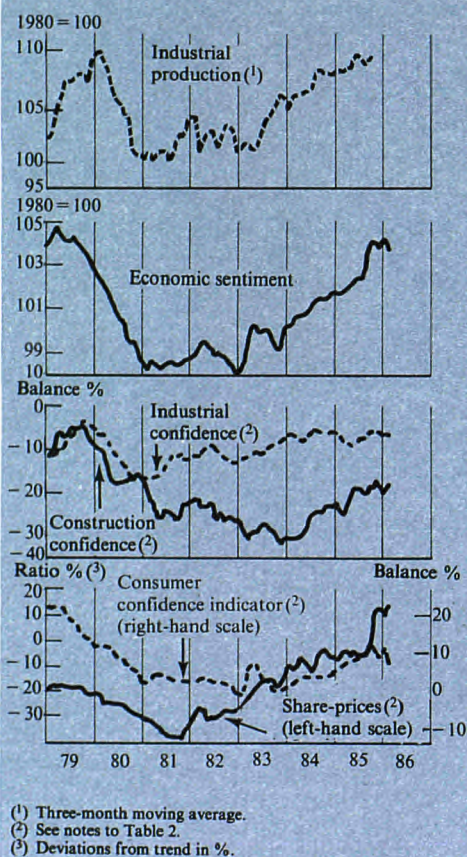
GRAPH 3: France



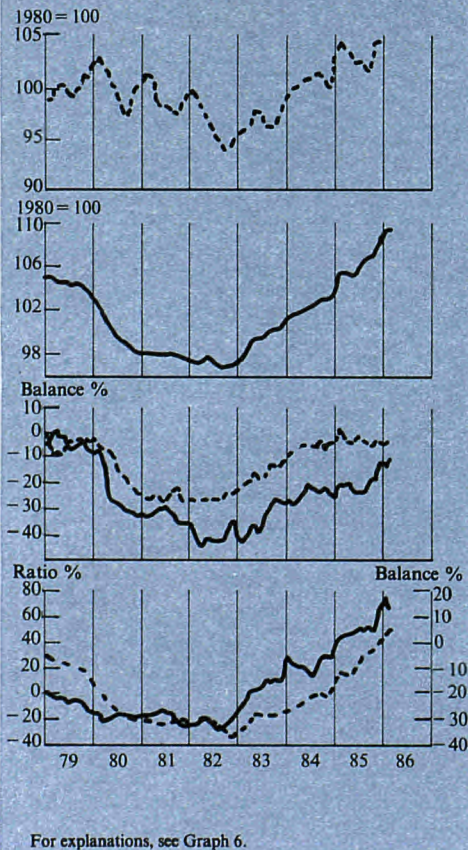
GRAPH 4: Italy.



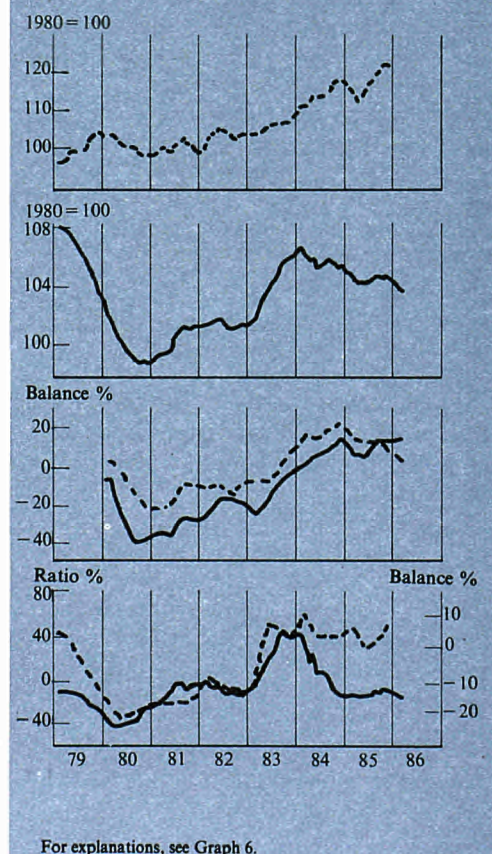
GRAPH 6: Belgium



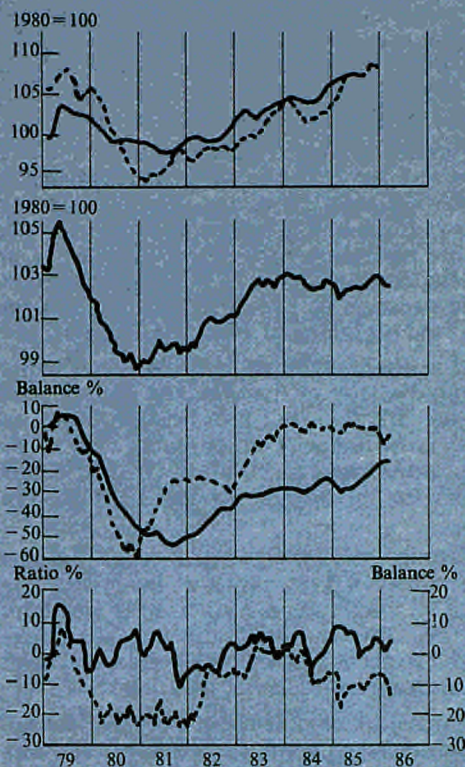
GRAPH 7: Netherlands



GRAPH 8: Denmark

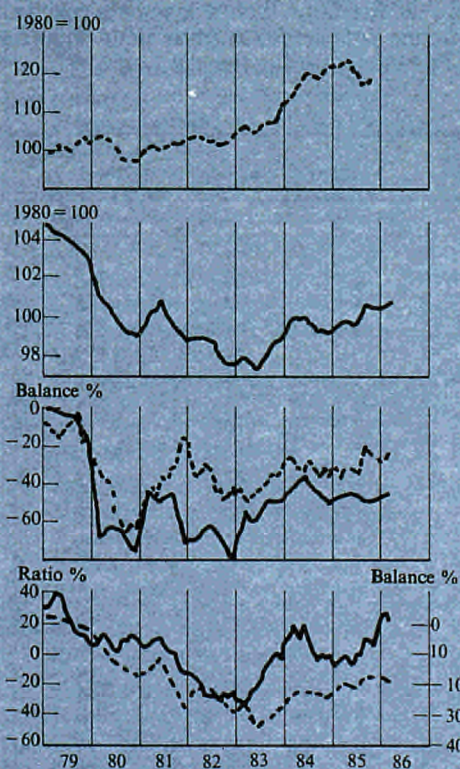


GRAPH 5: United Kingdom



For explanations, see Graph 2.

GRAPH 9: Ireland



For explanations, see Graph 6.

Further improvement in European leading indicator. — The uninterrupted upward trend in the Community economic sentiment indicator evident since the Spring of 1985 continued in February. However, in contrast to the second half of 1985, the improvement is no longer on a broad front. In some member countries, as was already evident in the January survey, the transition from mainly export-led growth to growth which is geared more to the domestic economy is not taking place quite so smoothly as has been assumed in many quarters. In the Federal Republic of Germany, for example, the increase in consumption in the first two months of the year was less than expected by the distributive trade; this is indicated by the latest results of the retail trade surveys carried out on behalf of the Commission (see Table 1). Nevertheless consumer confidence has improved significantly in most member countries since autumn last year. In the Netherlands, the consumer climate has even reached a new historical peak since the survey was first introduced in 1972 and in the Federal Republic of Germany consumers in February 1986 have been more confident than at any time since 1979. Until now many European consumers have used their improved real income situation primarily to build up savings. But in spite of the higher saving ratios, private consumption in some member countries has already increased somewhat faster in recent months. This is reflected in the results of the EC business survey in retail trade according to which sales have picked up lately particularly in France, the Netherlands and Belgium (see Table 1).

The larger part of the expected increase in consumer demand is still ahead, however. According to experience it takes 2 to 3 quarters before an improved consumer climate and higher real income are transformed into significantly more buoyant consumer expenditure. This leads to the conclusion that the slight weakening in industrial demand at the beginning of the year was of a temporary nature and should be replaced in the course of the coming months by a stronger upward trend.

The components of the composite indicator of economic sentiment are looked at briefly below.

Some recovery in industrial confidence indicator. — The indicator made up some of the ground lost at Community level at the beginning of the year. In the United Kingdom, France, Ireland and Greece in particular, industrial firms were more confident regarding their production plans for the next 3-4 months. By contrast, the industrial confidence indicator showed a downturn in the Federal Republic of Germany, Italy, the Netherlands and Belgium. Except in Italy, a considerable contributory factor here was the less favourable trend in exports.

Slight improvement in construction confidence indicator. — The slight upturn evident in January continued in February. In particular, the employment outlook for the months ahead was viewed as being less unfavourable than previously (from -12 to -10; balance). In the Netherlands, the numbers employed in construction are actually expected to increase slightly (+2; balance).

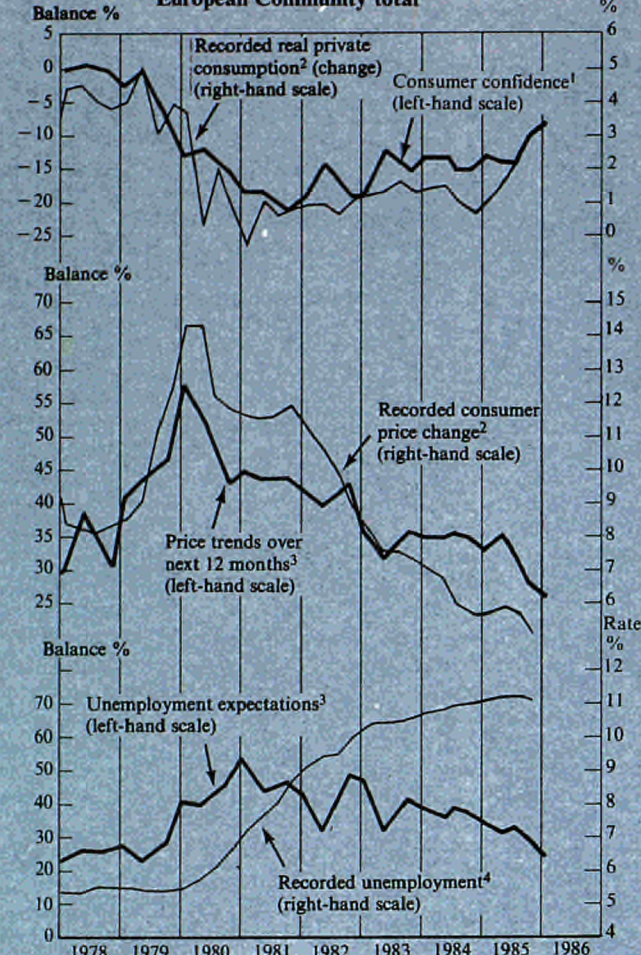
Share prices, which are included in the composite indicator as a proxy for profit expectations, moved further ahead at Community level. However, in February the rise was mainly confined to Italy, the United Kingdom and Belgium, while share prices declined in the Federal Republic of Germany and the Netherlands.

Consumer confidence showed a clear improvement at Community level in the period January-February 1986 compared with the 4th quarter 1985 (from -10 to -8; see Table 4). Taking the trend in February alone, however, the indicator remained unchanged. The situation in the individual member countries was as follows:

In *Belgium* consumer confidence showed a decline in February following a slight improvement in January. This was mainly because of greater pessimism regarding the general economic situation, the labour market situation and the financial situation of households. Consumers' uncertainty as to what specific fiscal measures the Government is going to take under its socio-economic and budgetary policy as soon as it has obtained the necessary 'special powers' from Parliament is obviously an additional factor. Nevertheless the Belgian households regard their current financial situation at the beginning of 1986 as better than in the past 5 years (+13 compared with +6; see Table 4, last question).

In *Denmark* the indicator remained at the same level in the first quarter of 1986 as in the last quarter of 1985 (7). This means

GRAPH 10: Survey results and objective economic indicators — European Community total



For notes, Table 4.

Sources: European Community consumer survey and Eurostat.

that consumer confidence in Denmark continues to be greater than anywhere else in the Community, as has indeed been the case since May 1983. This has led in Denmark since 1984 to a much more buoyant consumption behaviour than in the other member countries. Recently policy measures have been taken

to dampen private consumption as the induced increases in imports have aggravated the current account problems.

In the *Federal Republic of Germany* the improvement in consumer confidence continued more sharply in February, bringing the confidence indicator up to its highest level since 1979 (0). The improvement in February is mainly due to the greater propensity of consumers to make major purchases. Purchasing intentions for the immediate future also show a more distinct upward trend. Assessments of the outlook on the labour market were less pessimistic in February than in the previous month. Overall, the German survey results point to stronger growth in private consumption in the months ahead.

In *France* consumer confidence improved distinctly in the first quarter of 1986 (from -17 to -12). In particular, consumers took a much more favourable view of the general economic outlook, including the outlook on the labour market. They also took a somewhat more optimistic view of the chances of an improvement in their financial situation. In this improved economic environment the situation of French retail trade has improved significantly at the beginning of 1986 (see Table 1).

The consumer climate in *Greece* improved distinctly in the first quarter of 1986, mainly because of the expected slight upturn in the general economic situation, but also because of an improvement in their personal financial situation. In view of the very difficult economic adjustment problems in Greece, in 1986 there will be no room for an increase in real consumption, however.

Following the stabilization of the consumer confidence indicator in *Ireland* in the second half of 1985, albeit at the lowest level in the Community (-27), there was a further deterioration in the first quarter of 1986. This was mainly due to consumers' distinctly less favourable expectations on both the general economic situation and their personal financial situation.

The slight decline in consumer confidence in *Italy* in February was mainly due to consumers' somewhat more sceptical assessments of their own financial situation. By contrast, the majority of consumers took a more positive view of the general economic situation than in January. Purchasing plans too seem to have become more dynamic again in February.

In the first quarter of 1986, the consumer confidence indicator in the *Netherlands* rose to a level (6) that has not been witnessed since the harmonized Community survey was first introduced in 1972. This optimism is based mainly on the very positive assessment of the current economic situation and of the outlook for the next 12 months. At the same time, consumers (particularly in the higher income brackets) feel that their financial situation has improved distinctly during the last 12 months, and

(cont. p. 8)

TABLE 1: Results of business surveys in the retail trade (a)(b)

		1984		1985												1986	
		Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
B	Present business situation	-30	-17	14	-23	:	13	-10	-15	-18	-7	0	6	5	8	16	7
	Volume of stocks	13	13	10	8	:	18	13	9	12	2	3	0	-3	5	1	0
	Intentions of placing orders	-26	-44	-17	-3	:	-19	-16	-19	1	3	5	2	-7	-5	14	17
	Expected business situation	-9	-33	-7	18	:	1	-18	-19	13	25	12	5	-2	-15	17	26
D	Present business situation	-40	-27	-21	-38	-31	-25	-19	-40	-22	-22	-33	-21	-8	-11	-8	-22
	Volume of stocks	25	25	22	28	26	26	26	27	26	23	20	19	22	19	24	29
	Intentions of placing orders	:	:	-20	-15	-18	-20	-13	-26	-15	-8	-19	-16	-13	-11	-11	-14
	Expected business situation	-16	-16	-13	-14	-10	-5	-10	-13	-7	-6	-11	1	3	-1	1	1
F (c)	Present business situation	-33	:	-32	:	-34	:	-27	:	-30	:	-10	:	-22	:	5	:
	Volume of stocks	18	:	9	:	15	:	22	:	18	:	9	:	18	:	7	:
	Intentions of placing orders	-35	:	-46	:	-29	:	-32	:	-35	:	-20	:	-18	:	-25	:
NL	Present business situation	:	:	:	:	:	:	:	:	:	:	:	:	:	:	40	34
	Volume of stocks	:	:	:	:	:	:	:	:	:	:	:	:	:	:	8	8
	Intentions of placing orders	:	:	:	:	:	:	:	:	:	:	:	:	:	:	32	22
	Expected business situation	:	:	:	:	:	:	:	:	:	:	:	:	:	:	45	44
I	Present business situation	:	:	:	:	:	:	:	:	:	:	:	-4	:	:	-2	:
	Volume of stocks	:	:	:	:	:	:	:	:	:	:	:	21	:	:	28	:
	Intentions of placing orders	:	:	:	:	:	:	:	:	:	:	:	-13	:	:	-16	:
	Expected business situation	:	:	:	:	:	:	:	:	:	:	:	4	:	:	2	:
UK	Present business situation (d)	42	45	29	25	29	18	9	14	25	49	17	13	18	31	20	14
	Volume of stocks	30	19	14	17	16	28	29	25	22	18	18	18	21	18	19	16
	Intentions of placing orders	16	17	26	33	26	21	20	21	29	35	27	19	12	23	29	28
	Expected business situation	42	41	:	43	:	:	30	:	:	35	:	:	32	:	:	36

(a) not seasonally adjusted; (b) balances; (c) bi-monthly; (d) refers to volume of sales for the time of the year.

Source: EC business survey in retail trade.

TABLE 2: Indicators of output and economic sentiment

		Range		Range		1985	1985			1985				1986	
		Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/83		II	III	IV	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
B	<i>gross domestic product</i> 1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	102,5	76,5	106,3	92,4	:	103,8	:	:	106,2	104,5	:	:	:	:
	1. industrial confidence indicator	+19	-56	-4	-35	-13	-17	-13	-11	-11	-10	-10	-12	-11	-12
	2. construction confidence indicator	+9	-36	-7	-65	-40	-39	-38	-36	-37	-37	-33	-37	-38	-35
	3. consumer confidence indicator (c)	7,0	-18,0	-7,0	-31,0	-21	-22	-21	-19	(-21)	-17	-20	-21	-18	-22
	4. share-price index (c)	155,1	98,0	114,3	75,0	185,3	173,7	176,6	219,7	183,3	208,1	224,3	226,7	220,1	234,6
	= 5. economic sentiment indicator	107,9	99,4	103,0	97,5	101,6	101,0	101,7	103,1	102,6	103,3	103,3	102,8	103,3	102,8
DK	<i>gross domestic product</i> 1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	:	:	107,7	95,5	121,4	118,4	124,2	127,1	126,6	130,9	127,0	123,3	:	:
	1. industrial confidence indicator	:	:	:	-22	+13	-14	+14	+9	:	+9	:	:	+5	:
	2. construction confidence indicator	:	:	:	-36	+11	+6	+15	+14	(+15)	+14	(+14)	(+14)	+14	(+14)
	3. consumer confidence indicator (c)	:	-16	5,0	-22	+4	0	3	7	(3)	7	(7)	(7)	:	:
	4. share-price index (c)	:	:	:	:	426,0	396,4	447,5	483,6	452,8	482,0	480,9	487,8	472,7	475,3
	= 5. economic sentiment indicator	:	:	:	:	104,6	104,3	104,7	104,6	104,7	104,8	104,6	104,4	104,1	103,9
D	<i>gross domestic product</i> (b) 1980 = 100	85,1	83,3	101,2	98,9	:	104,8	107,2	:	:	:	:	:	:	:
	<i>index of industrial production</i>	92,0	82,4	103,1	91,4	104,4	104,1	106,1	107,2	105,3	108,4	108,7	104,3	:	:
	1. industrial confidence indicator	+10	-49	+2	-40	-6	-8	-6	-2	-4	-4	-2	-1	-3	-4
	2. construction confidence indicator	-4	-72	+11	-64	-54	-62	-49	-38	-45	-38	-38	-41	-42	-39
	3. consumer confidence indicator (c)	:	-22,2	9,0	-31,0	-7	-9	-7	-4	-6	-3	-5	-5	-2	0
	4. share-price index (c)	109,0	75,2	115,6	97,6	209,4	192,3	213,8	256,3	223,9	243,0	257,9	268,0	299,9	288,9
	= 5. economic sentiment indicator	103,8	97,0	103,6	94,7	102,1	101,1	102,8	103,8	102,6	103,6	103,8	104,0	104,9	104,9
F	<i>gross domestic product</i> 1980 = 100	85,4	84,2	99,8	102,4	:	105,6	106,0	:	:	:	:	:	:	:
	<i>index of industrial production</i>	96,7	82,2	105,2	94,8	100,5	99,0	100,7	101,0	99,2	100,8	103,0	99,2	:	:
	1. industrial confidence indicator	+29	-49	+5	-39	-17	-20	-15	-13	-13	-13	-14	-12	-18	-15
	2. construction confidence indicator	:	:	-17	-57	-38	-39	-32	-32	(-32)	-32	(-32)	(-32)	-27	(-27)
	3. consumer confidence indicator (c)	:	-9,0	3,0	-27,0	-23	-21	-30	-17	(-30)	-17	(-17)	(-17)	-12	(-12)
	4. share-price index (c)	86,6	53,6	101,2	82,7	201,7	204,5	204,2	214,3	203,4	199,2	223,1	245,1	265,8	267,1
	= 5. economic sentiment indicator	107,8	97,6	101,8	95,1	96,6	96,5	96,0	98,2	96,4	97,2	98,3	99,0	99,4	100,0
IRL	<i>gross domestic product</i> 1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	80,4	72,3	103,8	99,6	:	127,1	122,8	:	124,2	124,5	:	:	:	:
	1. industrial confidence indicator	:	-41	+20	-40	-7	-13	-2	-6	0	-4	-7	-7	-6	-2
	2. construction confidence indicator	:	:	:	:	-27	-24	-29	-28	(-29)	-28	(-28)	(-28)	-24	(-24)
	3. consumer confidence indicator (c)	:	-41,0	12,0	-44,0	-29	-31	-27	-27	(-27)	-27	(-27)	(-27)	-28	(-28)
	4. share-price index (c)	85,8	29,9	112,2	79,4	148,9	136,6	155,0	169,8	161,0	155,9	169,7	183,8	191,3	187,3
	= 5. economic sentiment indicator	109,1	96,7	103,6	98,1	100,2	99,7	100,5	100,7	100,7	100,6	100,6	100,7	100,8	100,9
I	<i>gross domestic product</i> 1980 = 100	80,4	77,2	101,2	98,2	:	103,8	104,0	:	:	:	:	:	:	:
	<i>index of industrial production</i>	87,9	72,6	104,7	98,1	96,5	96,9	96,3	95,6	97,8	94,6	98,1	94,1	:	:
	1. industrial confidence indicator	+31	-59	+13	-41	-10	-11	-10	-8	-10	-6	-9	-8	-11	-14
	2. construction confidence indicator	-8	-56	-5	-51	-29	-30	-29	-26	-25	-21	-29	-28	-27	-26
	3. consumer confidence indicator (c)	:	-39,0	-12,1	-29,6	-12	-13	-10	-14	-9	-15	-12	-16	-9	-10
	4. share-price index (c)	169,6	68,5	185,0	116,9	286,8	252,1	315,9	363,0	335,6	341,9	359,0	388,0	410,0	439,0
	= 5. economic sentiment indicator	103,8	97,4	101,6	97,6	101,8	101,5	102,2	102,0	102,6	102,0	102,3	101,8	102,9	102,8
NL	<i>gross domestic product</i> 1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	94,8	87,1	117,5	90,7	104,0	104,0	101,7	103,7	100,0	102,0	110,0	99,0	:	:
	1. industrial confidence indicator	+12	-44	+4	-31	-2	-2	-2	-3	-3	-4	-1	-4	-2	-5
	2. construction confidence indicator	+3	-47	+3	-46	(-19)	-21	(-20)	-15	-19	-17	-18	-11	-12	-9
	3. consumer confidence indicator (c)	6,0	-15,0	5,0	-37,0	-7	-12	-4	-1	(-4)	-1	(-1)	(-1)	+6	(+6)
	4. share-price index (c)	:	86,3	122,8	92,8	255,1	248,6	259,3	275,8	260,7	257,3	278,5	287,4	308,1	298,3
	= 5. economic sentiment indicator	107,8	100,7	105,3	97,1	106,5	105,7	106,9	108,1	107,2	107,3	108,1	108,8	109,7	109,7
UK	<i>gross domestic product</i> 1980 = 100	94,6	91,0	102,5	97,7	:	108,5	108,3	:	:	:	:	:	:	:
	<i>index of industrial production</i>	92,7	89,6	110,0	93,8	108,2	108,4	108,6	109,2	109,6	109,2	110,5	108,0	:	:
	1. industrial confidence indicator	:	:	+9	-60	0	+1	0	0	0	0	0	0	-8	-2
	2. construction confidence indicator	:	:	+7	-60	-25	-28	-24	-18	(-24)	-18	(-18)	(-18)	-15	(-15)
	3. consumer confidence indicator (c)	:	-32,5	14,4	-25,5	-10	-11	-10	-7	-9	-7	-7	-7	-7	-14
	4. share-price index (c)	78,5	23,3	111,6	104,4	242,3	240,0	237,5	256,7	243,6	248,4	262,3	259,3	260,3	273,0
	= 5. economic sentiment indicator	103,8	97,7	104,9	98,8	102,3	102,2	102,4	102,9	102,6	102,8	103,0	103,0	102,7	102,6
EUR	<i>gross domestic product</i> (a)(b) 1980 = 100	85,1	85,5	101,1	101,0	:	105,6	106,4	:	:	:	:	:	:	:
	<i>index of industrial production</i>	92,9	83,0	103,2	94,6	103,2	102,5	103,2	104,1	103,3	104,0	105,2	103,1	:	:
	1. industrial confidence indicator	+16	-49	+3	-36	-7	-9	-7	-5	-6	-5	-6	-5	-9	-8
	2. construction confidence indicator	:	:	-1	-48	-38	-40	-34	-29	(-32)	-29	(-29)	(-30)	-27	(-26)
	3. consumer confidence indicator (c)	4,6	-16,7	0,8	-22,0	-13	-13	-13	-10	-11	-10	-10	-10	-8	-8
	4. share-price index (c)	:	47,0	115,4	111,7	238,8	229,8	240,4	267,4	246,5	254,7	270,4	277,1	289,1	293,9
	= 5. economic sentiment indicator	107,5	96,6	104,1	97,4	101,1	100,5	101,8	101,7	101,2	101,6	101,7	101,7	102,0	102,1

(a) Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

(b) For the Federal Republic of Germany, gross national product for quarterly data.

(c) Not seasonally adjusted.

TABLE 3: **Monthly survey of manufacturing industry** — Monthly questions and the composite industrial confidence indicator (a)
Balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Range (b)		Range (b)		1985		1985			1985				1986	
		Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/82			II	III	IV	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
B	Production expectations	+31	-56	-4	-37	-6	-10	-5	-4	-3	-2	-6	-5	-4	-8	
	order books	+13	-74	-14	-49	-24	-26	-25	-20	-23	-23	-17	-21	-20	-20	
	export order-books	+15	-82	-19	-55	-27	-27	-27	-28	-27	-30	-26	-28	-26	-27	
	stocks of finished products	-14	+37	+2	+18	+10	+14	+9	+8	+6	+6	+7	+10	+8	+8	
	selling-price expectations	+64	-10	+39	+12	+19	+20	+20	+13	+21	+16	+14	+11	+9	+8	
	industrial confidence indicator	+19	-56	-4	-35	-13	-17	-13	-11	-11	-10	-10	-12	-11	-12	
DK	Production expectations	:	:	:	+8	+18	+19	+17	+16	:	+16	:	:	+11	:	
	order books	:	:	:	-34	+25	+23	+29	+22	:	+22	:	:	+15	:	
	export order-books	:	:	:	+14	+24	+22	+30	+16	:	+16	:	:	+2	:	
	stocks of finished products	:	:	:	+24	+4	+1	+5	+10	:	+10	:	:	+12	:	
	selling-price expectations	:	:	:	-22	+13	+14	+14	+9	:	+9	:	:	+5	:	
	industrial confidence indicator	:	:	:	-22	+13	+14	+14	+9	:	+9	:	:	+5	:	
D	Production expectations	+17	-32	+10	-30	+3	+3	+2	+6	+3	+4	+7	+7	+7	+5	
	order books	+5	-73	-6	-59	-14	-17	-12	-9	-11	-11	-10	-7	-10	-10	
	export order-books	:	:	-14	-50	-9	-10	-8	-7	-7	-6	-6	-8	-8	-15	
	stocks of finished products	-7	+43	-2	+31	+7	+9	+7	+4	+4	+4	+4	+4	+6	+7	
	selling-price expectations	+55	+4	+38	+4	+17	+20	+14	+15	+12	+13	+17	+16	+12	+9	
	industrial confidence indicator	+10	-49	+2	-40	-6	-8	-6	-2	-4	-4	-2	-1	-3	-4	
GR	Production expectations	:	:	:	:	+21	+21	+21	+19	+15	+23	+14	+19	+20	+28	
	order books	:	:	:	:	-24	-23	-22	-18	-27	-26	-14	-16	-16	-5	
	export order-books	:	:	:	:	-33	-32	-27	-30	-30	-35	-30	-26	-29	-14	
	stocks of finished products	:	:	:	:	+10	+15	+8	+10	+7	+7	+13	+9	+6	+7	
	selling-price expectations	:	:	:	:	+32	+29	+29	+42	+31	+34	+45	+46	+27	+33	
	industrial confidence indicator	:	:	:	:	-4	-6	-3	-3	-6	-3	-4	-2	-1	+5	
F	Production expectations	+33	-29	+18	-20	-3	-4	0	0	+1	+1	-1	+1	-4	+3	
	order books	+26	-69	0	-56	-30	-33	-28	-24	-27	-23	-27	-21	-31	-28	
	export order-books	+24	-66	+10	-52	-20	-19	-18	-22	-16	-15	-26	-24	-27	-30	
	stocks of finished products	-14	+50	+3	+42	+19	+21	+16	+16	+14	+18	+14	+16	+19	+19	
	selling-price expectations	+76	+15	+62	+17	+29	+32	+28	+19	+27	+30	+14	+14	+20	+16	
	industrial confidence indicator	+29	-49	+5	-39	-17	-19	-15	-13	-13	-13	-14	-12	-18	-15	
IRL	Production expectations	:	-21	+40	-33	+6	+5	+11	+7	+14	+9	+8	+4	+5	+11	
	order books	:	-68	+18	-55	-20	-30	-14	-17	-13	-24	-13	-14	-15	-13	
	stocks of finished products	:	+35	-6	+33	+8	+13	+3	+8	+2	-2	+15	+12	+9	+11	
	selling-price expectations	:	+64	+77	+20	+14	+19	+12	+3	+12	-1	-1	+10	+2	+4	
	industrial confidence indicator	:	-41	+20	-40	-7	-13	-2	-6	0	-4	-7	-7	-6	-4	
I	Production expectations	+40	-43	+24	-26	+8	+5	+6	+13	+6	+12	+10	+17	+8	+7	
	order books	+30	-82	+7	-66	-21	-22	-20	-21	-19	-19	-22	-22	-23	-29	
	export order-books	+13	-67	-6	-59	-30	-31	-30	-30	-29	-29	-29	-31	-34	-28	
	stocks of finished products	-24	+53	-8	+32	+16	+17	+15	+15	+18	+11	+15	+19	+19	+20	
	selling-price expectations	+76	+10	+87	+37	+39	+43	+36	+34	+37	+37	+34	+31	+29	+24	
	industrial confidence indicator	+31	-59	+13	-41	-10	-11	-10	-8	-10	-6	-9	-8	-11	-14	
L	Production expectations	+84	-80	+40	-66	-1	0	+3	-5	+4	+4	+6	-24	+12	-8	
	order books	:	:	+8	-70	+3	-1	+6	+2	+10	+4	+6	-4	-10	-8	
	export order-books	:	:	+9	-80	-3	-2	+9	-21	+15	+6	-27	-42	-22	-15	
	stocks of finished products	-14	+74	0	+58	+3	+10	+2	+3	+2	+3	+8	-2	0	+1	
	selling-price expectations	:	-46	+74	-38	+17	+26	+24	+18	+21	+30	+22	+3	0	-13	
	industrial confidence indicator	:	:	+16	-65	0	-4	+2	-2	+4	+2	+2	-9	+1	-6	
NL	Production expectations	+26	-26	+20	-13	+4	+2	+2	+3	0	+1	+7	+2	+5	0	
	order books	+7	-48	-5	-42	-5	-5	-5	-8	-7	-10	-8	-7	-5	-8	
	stocks of finished products	-3	+57	+3	+39	+4	+4	+3	+4	+3	+3	+3	+6	+5	+6	
	industrial confidence indicator	+12	-44	+4	-31	-2	-2	-2	-3	-3	-4	-1	-4	-2	-5	
UK	Production expectations	:	:	+29	-52	+20	+21	+19	+20	+21	+21	+17	+21	+9	+17	
	order books	:	:	-2	-85	-7	-5	-5	-5	-6	-7	-3	-6	-13	-9	
	export order-books	:	:	-11	-72	-5	-1	-5	-8	-11	-10	-4	-10	-15	-14	
	stocks of finished products	:	:	-1	+42	+14	+12	+15	+15	+15	+14	+14	+15	+15	+13	
	selling-price expectations	:	:	+70	+7	+23	+26	+20	+16	+19	+17	+16	+15	+15	+13	
	industrial confidence indicator	:	:	+9	-60	0	+1	0	0	0	0	0	0	-8	-2	
EUR	Production expectations	+24	-30	+15	-20	+7	+5	+7	+9	+9	+9	+8	+10	+5	+8	
	order books	+15	-70	-7	-56	-17	-18	-16	-14	-15	-15	-14	-12	-18	-17	
	export order-books	:	:	-12	-50	-15	-14	-15	-16	-15	-15	-15	-17	-19	-20	
	stocks of finished products	-10	+48	-1	+31	+12	+13	+11	+11	+11	+10	+11	+12	+14	+14	
	selling-price expectations	+64	+9	+53	+22	+25	+28	+22	+21	+23	+23	+20	+19	+18	+15	
	industrial confidence indicator	+16	-49	+3	-36	-7	-9	-7	-5	-6	-5	-6	-5	-9	-8	

(a) The indicator is an average of the responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) These are the extreme (high and low) values of the balances of the different questions, reached in the course of 1972-1975 and 1979-1982, respectively.

Note: (s.a.) = seasonally adjusted. : = not available. () = estimated. Source: European Community business surveys.

TABLE 4: Consumer opinion on economic and financial conditions^(a)

		1980	1981	1982	1983	1984	1985	1983		1984				1985				1986
								May	Oct.	J./F.	M./J.	J./A.	O./N.	J./F.	M./J.	J./A.*	O./N.	J./F.
CONSUMER CONFIDENCE INDICATOR ^(b)	B	-20	-27	-27	-28	-27	-21	-22	-30	-28	-26	:	-26	-24	-22	-21	-18	-20
	DK	-19	-17	-12	0	6	4	8	5	11	4	4	4	7	0	3	7	7
	D	-5	-22	-26	-15	-10	-7	-7	-12	-8	-10	-12	-9	-8	-9	-9	-5	-2
	GR	:	:	0	-11	-4	-5	-10	-7	-9	-2	:	-2	-6	2	:	-16	-13
	F	-10	-9	-5	-15	-23	-21	-17	-19	-20	-22	:	-27	-25	-21	(-30)	-17	-12
	IRL	-22	-28	-34	-39	-33	-29	-44	-38	-33	-32	-33	-34	-29	-31	-27	-27	-28
	I	-22	-22	-18	-24	-15	-12	-21	-23	-19	-15	-14	-12	-10	-14	-11	-12	-12
	NL	-25	-31	-32	-30	-22	-7	-28	-28	-26	-23	-19	-21	-11	-12	-4	-1	6
	UK	-18	-21	-12	-3	-4	-10	1	-1	0	-1	-8	-8	-10	-12	-11	-8	-9
	EUR 9	-13	-19	-17	-15	-14	-12	-12	-15	-13	-13	-15	-15	-13	-14	(-14)	-10	-8
FINANCIAL SITUATION OF HOUSEHOLDS	B	-15	-19	-25	-29	-31	-23	-27	-32	-32	-30	:	-30	-31	-28	-27	-18	-17
	DK	-10	-12	-7	-4	-2	-3	-4	-3	-1	-3	-1	-3	-4	-5	-3	2	1
	D	-4	-16	-18	-14	-11	-8	-12	-12	-11	-11	-12	-10	-9	-9	-9	-6	-4
	GR	:	:	-2	-13	-8	-8	-15	-12	-12	-5	:	-7	-9	-1	:	-15	-18
	F	-7	-8	-7	-11	-15	-13	-11	-14	-13	-15	:	-18	-16	-13	(-23)	-11	-10
	IRL	-32	-38	-41	-43	-42	-37	-48	-42	-43	-42	-41	-40	-38	-40	-36	-33	-31
	I	-14	-14	-13	-15	-12	-10	-14	-15	-13	-13	-12	-11	-9	-11	-9	-10	-9
	NL	-9	-18	-20	-28	-26	-17	-29	-31	-27	-27	-25	-23	-21	-19	-15	-11	-6
	UK	-24	-30	-27	-15	-15	-16	-15	-13	-13	-14	-17	-14	-15	-19	-18	-13	-13
	EUR 9	-11	-17	-16	-15	-15	-12	-14	-15	-14	-15	-15	-14	-14	-13	(-15)	-10	-9
— over last 12 months	B	-6	-9	-12	-15	-18	-13	-11	-18	-18	-18	:	-17	-17	-15	-17	-10	-7
	DK	-8	-4	-2	0	3	3	4	2	2	1	4	3	5	0	3	4	5
	D	-3	-12	-14	-9	-6	-4	-5	-7	-6	-6	-8	-5	-6	-4	-4	-3	-1
	GR	:	:	15	0	6	2	2	7	3	10	:	6	2	15	:	-11	-6
	F	-2	0	0	-4	-7	-3	-6	-6	-6	-6	:	-8	-5	-3	(-13)	0	3
	IRL	-19	-24	-23	-26	-22	-22	-31	-25	-23	-20	-21	-21	-18	-21	-16	-12	-14
	I	-10	-8	-6	-8	-3	-2	-5	-8	-4	-3	-3	-2	-1	-3	-2	-3	-1
	NL	-9	-13	-14	-21	-17	-6	-19	-23	-21	-16	-14	-15	-9	-8	-5	-1	2
	UK	-13	-15	-9	-2	-3	-5	1	-3	-2	-3	-4	-2	-2	-8	-6	-4	-4
	EUR 9	-6	-9	-8	-7	-6	-4	-5	-7	-6	-6	-7	-6	-5	-5	(-6)	-3	-1
GENERAL ECONOMIC SITUATION	B	-58	-69	-68	-62	-57	-33	-55	-63	-58	-56	:	-56	-46	-42	-44	-19	-29
	DK	-56	-47	-42	-4	4	2	15	8	20	6	5	1	10	-5	-1	5	8
	D	-18	-46	-51	-29	-14	-11	-14	-19	-13	-14	-18	-12	-11	-14	-13	-6	-3
	GR	:	:	-2	-11	-4	-10	-11	-10	-9	-3	:	-1	-6	1	:	-24	-23
	F	-39	-37	-28	-41	-54	-52	-43	-49	-49	-54	:	-61	-57	-52	(-56)	-46	-36
	IRL	-56	-66	-74	-77	-65	-61	-82	-74	-66	-61	-62	-70	-67	-65	-55	-55	-60
	I	-57	-60	-51	-57	-36	-26	-53	-54	-47	-36	-33	-29	-22	-29	-24	-26	-25
	NL	-55	-64	-64	-54	-19	8	-49	-46	-32	-21	-11	-13	3	1	10	16	24
	UK	-55	-62	-40	-23	-25	-37	-15	-18	-16	-19	-30	-34	-42	-38	-39	-32	-34
	EUR 9	-41	-51	-44	-37	-31	-28	-30	-34	-29	-29	-33	-32	-30	-30	(-30)	-23	-20
— over next 12 months	B	-45	-51	-43	-38	-33	-17	-27	-40	-34	-31	:	-33	-26	-26	-25	-6	-13
	DK	-42	-29	-23	3	6	4	16	7	18	2	3	2	7	0	3	7	5
	D	-19	-33	-32	-14	-10	-6	1	-13	-7	-9	-14	-8	-7	-8	-9	-3	-2
	GR	:	:	25	6	10	3	10	12	5	13	:	11	4	19	:	-14	-3
	F	-40	-27	-23	-36	-45	-34	-42	-41	-43	-45	:	-48	-39	-35	(-40)	-28	-14
	IRL	-35	-38	-42	-45	-29	-26	-48	-43	-28	-26	-31	-30	-28	-32	-22	-23	-30
	I	-30	-30	-24	-25	-9	-8	-22	-24	-15	-7	-6	-7	-2	-11	-5	-9	-8
	NL	-48	-42	-42	-28	-5	10	-24	-19	-7	-2	-6	-4	10	4	12	12	24
	UK	-24	-23	-10	-5	-10	-16	6	-8	-4	-3	-17	-16	-18	-15	-19	-14	-18
	EUR 9	-30	-30	-24	-21	-18	-14	-14	-21	-17	-16	-21	-19	-15	-16	(-16)	-11	-8
PRICE TRENDS	B	65	69	77	78	78	72	77	79	77	79	:	77	76	77	74	62	62
	DK	50	51	48	26	26	26	22	24	12	33	31	29	24	32	31	18	6
	D	44	52	46	23	15	9	13	18	14	19	17	10	10	12	10	7	3
	GR	:	:	15	30	24	26	31	29	29	22	:	22	28	14	:	35	41
	F	79	77	62	55	58	44	61	58	58	58	:	59	53	48	(46)	32	19
	IRL	85	87	87	80	71	59	85	79	71	68	73	73	63	64	53	55	50
	I	80	79	72	69	55	49	67	66	-61	56	54	50	48	53	48	47	48
	NL	62	68	63	43	41	22	39	47	44	55	34	30	29	35	19	4	11
	UK	59	41	31	15	19	24	12	14	15	19	21	20	22	26	27	19	20
	EUR 9	63	62	53	40	37	30	38	39	37	39	37	35	33	34	(32)	24	20
— over next 12 months	B	42	40	45	40	37	36	37	38	39	34	:	38	35	39	34	35	36
	DK	38	31	31	12	16	15	6	14	4	23	19	18	15	19	19	8	5
	D	51	50	43	30	28	25	22	30	26	31	31	24	25	27	25	22	20
	GR	:	:	25	37	38	42	32	35	43	33	:	38	45	31	:	51	41
	F	50	39	42	37	32	27	41	35	38	39	:	38	31	30	(31)	21	13
	IRL	56	52	46	39	35	32	33	40	33	32	41	33	32	34	28	32	34
	I	60	58	56	54	46	48	51	53	50	43	45	44	44	49	47	48	47
	NL	61	52	50	38	25	17	34	41	31	24	20	25	26	22	16	4	14
	UK	43	31	29	27	40	43	22	36	36	37	43	44	44	49	43	37	38
	EUR 9	51	44	42	35	35	32	32	36	35	35	36	35	33	35	(33)	28	26
UNEMPLOYMENT	B	57	67	60	57	44	37	48	56	46	39	:	46	40	41	40	25	29
	DK	39	37	29	30	5	-4	17	33	8	7	5	1	1	2	-5	-13	-9
	D	20	43	43	30	20	16	8	31	21	14	22	21	19	14	18	15	14
	GR	:	:	11	10	11	17	19	9	15	7	:	12	19	5	:	27	28
	F	47	43	30	41	62	50	43	50	60	66	:	61	57	47	(52)	46	27
	IRL	34	47	56	67	52	48	65	71	53	47	53	55	53	47	47	45	49
	I	51	52	56	57	49	47	54	59	53	47	47	47	46	48	46	48	47
	NL	59	72	72	67	36	0	62	60	55	33	32	25	-6	5	1	-1	-13
	UK	58	50	34	37	32	35	30	32	26	30	36	36	38	35	35	34	31
	EUR 9	43	48	42	41	38	32	33	43	39	36	39	38	35	31	(33)	30	24

TABLE 4: (continued): Consumer opinion on economic and financial conditions^(a)

		1980	1981	1982	1983	1984	1985	1983		1984					1985				1986
								May	Oct.	J./F.	M./J.	J./A.	O./N.		J./F.	M./J.	J./A.*	O./N.	J./F.
MAJOR PURCHASES	B	23	15	13	6	6	-18	11	3	5	7	:	6		0	2	8	-39	-36
	DK	21	10	16	7	14	14	8	10	16	13	11	16		15	10	13	18	17
	D	18	-1	-17	-8	-9	-8	-5	-8	-5	-10	-10	-9		-7	-10	-8	-5	-3
	GR	:	:	-35	-35	-24	-20	-37	-34	-30	-23	:	-18		-19	-23	:	-18	-16
	F	39	28	30	19	6	-4	19	14	12	7	:	0		-7	-4	(-18)	0	-5
	IRL	30	24	13	-6	-9	-2	-13	-6	-7	-11	-11	-7		4	5	-8	-9	-5
	I	2	4	1	-13	-15	-15	-13	-13	-15	-18	-14	-13		-16	-17	-15	-11	-15
	NL	-2	-17	-21	-18	-44	-29	-17	-19	-44	-47	-38	-48		-36	-37	-21	-23	-13
	UK	28	26	25	32	31	24	27	37	37	32	27	28		25	22	26	24	23
	EUR 9	22	12	6	5	0	-3	5	4	3	0	-1	-2		-4	-4	(-5)	-2	-2
— at present	B	-26	-28	-28	-30	-28	-30	-28	-34	-32	-27	:	-25		-31	-30	-27	-31	-30
	DK	-14	-12	-10	-8	-7	-8	-6	-6	-8	-7	-5	-8		-9	-8	-8	-8	-7
	D	-19	-25	-28	-29	-28	-26	-27	-27	-26	-27	-29	-28		-26	-28	-26	-26	-23
	GR	:	:	-24	-33	-38	-33	-25	-39	-42	-37	:	-35		-31	-31	:	-38	-39
	F	-18	-13	-9	-10	-10	-9	-11	-10	-9	-11	:	-9		-10	-9	(-10)	-7	-6
	IRL	-19	-22	-27	-31	-25	-22	-35	-25	-25	-32	-27	-16		-26	-23	-24	-13	-15
	I	-17	-18	-22	-22	-21	-21	-22	-22	-22	-21	-21	-21		-22	-21	-21	-22	-20
	NL	-23	-27	-27	-29	-27	-20	-29	-32	-29	-28	-28	-23		-22	-23	-18	-17	-12
	UK	-14	-19	-18	-15	-12	-14	-13	-13	-13	-11	-12	-12		-14	-14	-13	-14	-14
	EUR 9	-17	-20	-20	-21	-19	-18	-20	-20	-19	-19	-20	-19		-19	-19	(-18)	-18	-16
SAVINGS	B	38	41	40	46	46	46	51	38	45	47	:	45		51	49	51	32	47
	DK	15	23	26	40	41	50	43	43	44	43	38	40		52	45	49	52	49
	D	43	32	27	33	38	41	35	36	35	38	38	40		41	42	41	41	41
	GR	:	:	-25	-29	-20	-18	-30	-21	-24	-19	:	-18		-15	-15	:	-23	-29
	F	-3	-2	-5	0	6	11	-2	4	8	8	:	1		10	9	(10)	15	24
	IRL	5	-3	-9	-3	-8	-1	-12	-5	-7	-10	-7	-6		3	-4	-7	3	4
	I	-6	-7	10	21	33	37	23	21	28	33	35	36		38	35	37	39	41
	NL	19	27	38	35	34	41	32	35	35	30	34	38		41	39	40	42	50
	UK	6	5	5	10	17	20	11	16	15	17	15	19		18	15	23	22	21
	EUR 9	15	12	12	19	24	29	19	21	23	25	24	25		28	27	(29)	30	33
— over next 12 months	B	-20	-21	-25	-26	-27	-33	-26	-31	-26	-28	:	-28		-33	-33	-33	-32	-13
	DK	-20	-19	-18	-12	-11	-7	-9	-14	-10	-12	-12	-11		-5	-10	-9	-2	-1
	D	44	23	-2	1	3	3	3	3	3	3	3	2		3	2	3	5	7
	GR	:	:	-37	-41	-39	-40	-42	-38	-40	-36	:	-40		-40	-33	:	-43	-41
	F	-32	-32	-32	-35	-37	-36	-37	-38	-35	-36	:	-41		-37	-37	(-43)	-33	-28
	IRL	-13	-19	-22	-25	-37	-28	-31	-26	-27	-28	-28	-30		-31	-25	-25	-29	-30
	I	-32	-30	-22	-27	-20	-17	-26	-27	-22	-22	-18	-18		-18	-18	-16	-14	-16
	NL	0	-1	-3	-8	-2	6	-8	-9	-3	-8	-1	3		3	6	8	8	14
	UK	-16	-20	-17	-13	-12	-14	-11	-12	-15	-13	-13	-10		-12	-16	-14	-12	-12
	EUR 9	-4	-11	-17	-17	-16	-15	-16	-17	-16	-16	-16	-16		-15	-16	(-16)	-12	-10
FINANCIAL SITUATION OF HOUSEHOLDS	B	9	7	6	5	6	5	5	5	6	5	:	6		4	4	5	8	13
	DK	4	4	4	8	8	11	12	6	9	9	7	8		10	10	11	13	10
	D	21	16	12	11	11	12	14	11	11	11	9	12		12	12	12	13	14
	GR	:	:	0	0	2	3	0	1	1	3	:	3		2	4	:	3	1
	F	8	8	8	6	4	3	5	5	5	4	:	3		3	4	(-4)	4	6
	IRL	2	-4	-1	-1	-1	-1	1	-1	-1	-1	1	-3		0	0	0	-2	-1
	I	8	8	13	9	11	12	9	10	10	11	11	12		11	11	12	13	14
	NL	19	18	17	15	13	16	16	13	15	11	12	14		14	16	16	16	17
	UK	8	9	9	12	12	11	12	12	11	12	12	12		10	10	10	13	11
	EUR 9	12	11	10	9	9	9	10	9	9	9	8	9		9	9	(8)	10	11

* France: experimental survey.

(a) The sum of the replies for each Member State are weighted in the Community total with the value of consumers' expenditure.

(b) The indicator represents the arithmetic average of results for five questions, namely the two on the financial situation of the household, the two on the general economic situation, and that concerning major purchases at present.

Source: European Community consumer survey.

Notes on graphs

1 The climate of consumer confidence is measured by an indicator based on five questions in the consumer survey. These are the questions relating to the general economic situation, the household financial situation and to major purchases of durable goods (see table 4 for data and notes).

2 Quarterly data - percentage change on corresponding quarter of preceding year.

3 See table 4 for data and notes.

4 Quarterly data - seasonally adjusted (Community without Greece).

this helps to explain their greater propensity to make major purchases.

Consumer confidence in the *United Kingdom* deteriorated in the period December 1985-February 1986 compared with the previous period; the deterioration is attributable to the considerably more unfavourable assessment of the general economic situation by consumers in February. Obviously, recent developments on the oil and exchange markets have considerably under-

mined United Kingdom consumers' confidence. Nevertheless total private consumption in the United Kingdom remains at a high level even though the growth of sales in retail trade has slowed down in January and February 1986. The business outlook for the coming 6 months is assessed rather favourably by British retailers (+36; balance; see Table 1).

26 March 1986

Prices (excluding VAT) in Luxembourg

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